

OPEN MEETING AGENDA ITEM



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ARIZONA CORPORATION COMMISSION
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June 6, 2014

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Commissioner Bob Stump, Chairman
Commissioner Gary Pierce
Commissioner Brenda Burns
Commissioner Robert L. Burns
Commissioner Susan Bitter Smith
1200 West Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

JUN 06 2014

DOCKETED BY

Re: *Docket No. W-02113A-13-0118; In the Matter of the Application of Chaparral City Water Company for a Determination of the Current Fair Value of its Utility Plant and Property and for Increase in its Rates and Charges Based Thereon*

Dear Commissioners:

I am writing to express my concern regarding the shift in depreciation treatment proposed in the Recommended Opinion and Order in this docket scheduled for your consideration at Open Meeting on June 10, 2014. AIC believes the Vintage Group depreciation method proposed by Staff and included in the ROO represents a major policy change in depreciation accounting for this Commission. This change in policy, moreover, is a unilateral recommendation by Staff on a very complex subject, which could potentially extend to other utilities regulated by the ACC without benefit of robust discussion among all parties for which this new policy could apply.

The policy change contemplated in this case will impose significant administrative costs and burdens for utility companies to comply with a new accounting practice that substantially deviates from the standards previously recognized and utilized by this Commission and other regulatory agencies, such as NARUC.

AIC believes policy changes, like the one proposed for imposing a new depreciation method in this case should be the subject of a workshop process, where all potentially affected parties can participate. Workshops have worked particularly well for the Commission on other policy topics and should be seriously considered here before invoking a new depreciation method.

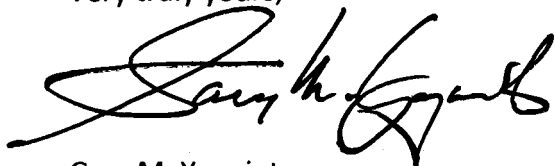
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A piece-meal approach to a major policy shift proposed by a single party and set-forth in the ROO may well lead to unintended consequences and expense. The Commission should carefully evaluate whether this complex policy change should best be handled in a more deliberative and expansive workshop process.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary M. Yaquinto". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

Gary M. Yaquinto
President & CEO

cc: Original and 13 copies filed with Docket
Control, this 6th day of June, 2014